

MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Hazen Blodgett, Town Manager

DATE: May 9, 2011

SUBJECT: Budget Message and Manager's Budget for FY 2011-12

Attached is the proposed budget for the Town of Matthews Fiscal Year 2011-12. This year's General Fund budget totals \$18,517,074. Beginning July 1, 2011 new property valuations will take effect. The new property values have increased a total of ten (10%) percent. The Town's new total property evaluation is \$3,290,035,300. We are recommending a revenue neutral budget. Our current tax rate is 0.3325 cents per \$100 evaluation. With the new property valuations the revenue neutral rate is 0.3025 for FY 2011-12.

The general reappraisal of real property for Town of Matthews typically occurs once every eight years. State law requires that units of local government, including public authorities, publish a revenue-neutral tax rate in the budget immediately following the completion of the general reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information.

The FY 2011-12 operating budget follows the general reappraisal of real property for Town of Matthews. The revenue-neutral tax rate, as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal.

The reappraisal produced a tax base of \$3,290,035,300 for the Town of Matthews. The tax levy for the current fiscal year is 9,649,478 and the growth factor since the last general reappraisal is 10 percent. Using the formula mandated by state law, the revenue-neutral tax rate for the Town of Matthews is .3025 cents. The proposed property tax rate for FY2011-2012 is .3025, which represents a decrease from the property tax rate of .3325 for FY2010-2011.

This budget was as a result of a great deal of hard work from a number of people, particularly Assistant Manager Jamie Justice, Finance Director Christine Surratt, Assistant to the Manager Annette Privette-Keller and all the Town department heads. While the budget process continues to evolve, the revised budget format highlights a number of areas in each department budget. The Strategic Framework is the basis for building this year's budget.

Strategic Framework

Below is a recap of the statements upon which this year's budget is developed:

Town Vision: "To be the premier place for people of all ages to live, work, play, or grow a business through a responsive government with excellent employees."

Town Purpose: "To provide leadership and excellent government services that respond to the needs of our citizens."

Values: "Leadership, Integrity, Teamwork, Excellence."

Town Mission: "To provide enterprising leadership and services with integrity, teamwork, and excellence that makes Matthews the premier place to be."

Town Goals:

1. **Quality of Life:** "To maintain our small town identity by providing a vibrant downtown, pedestrian friendly community, extensive greenspace system, and recreational and cultural activities."
2. **Communications Goal:** "To create an informed citizenry by providing relevant information about the Town and enhancing two way communications using traditional techniques and new technologies."
3. **Transportation Goal:** "To identify, plan, design, fund, and build transportation facilities that efficiently and effectively serve the community in a cost effective and environmentally sensitive manner."
4. **Public Safety Goal:** "To provide the necessary trained personnel, equipment, and procedures to ensure the safety of Matthews' citizens and enhance the Town's reputation for safety."
5. **Economic Development/Land Use Planning Goal:** "To enhance the quality of life of the citizens by aggressively pursuing a balanced tax base by targeting businesses that will contribute sustainable, environmentally sensitive development and by planning for orderly growth and development."
6. **Operational Performance Goal:** "To plan, allocate resources, and operate all departments effectively and efficiently in order to meet the citizens' needs for local government services."
7. **Financial Performance Goal:** "To manage financial resources in a prudent and responsible manner through traditional and alternative sources of revenue, effective budgeting, and cost control with a focus on maintaining a healthy fund balance."

Difficult Budget

This budget continues the recent trend of difficult budgets. We were able to avoid making deep cuts to this year's budget, as we have done since FY 2007-2008, because we do anticipate a slight growth in our sales tax revenues. As we have communicated over the last couple of years the Town's Departments have put off purchasing equipment and replacing vacant staff positions. This budget includes restoring some of these needed items to the budget such as a part-time Code Enforcement Officer, replacing and purchasing Public Works items, equipment and volunteer incentives for Fire & EMS volunteers, needed technology upgrades, and vehicles and equipment for the Police Department in order to prevent any impact in service delivery to our citizens.

There remain several unfunded needs in the Town's budget. For instance, there are no base employee salary increases. This will be the third year employees have not received a salary increase. (We have allocated monies for one-time economic recovery stipends - funding to come from FY 2010-11 revenues. Employees will be awarded a set dollar stipend based on the results of their most recent performance review and not a percent of salary.) Police vehicles - this budget recommends the purchase of four replacement vehicles, which is less than the typical seven vehicles the police department needs each year. (Three vehicles are expected to be purchased from FY 2010-2011 funds) Some positions and needs remain unfunded in this year's budget.

Budget Highlights

- No tax or fee increases;
- No employee merit raises instead employees will receive a economic recovery stipend;
- Health insurance increased 20% - we will continue with the \$10,000 deductible plan from last couple years. Employees with dependents will pay more; Health Insurance Fund will be established to better track our costs/savings.
- Capital Improvements Plan (CIP) continues to be funded at \$300,000;
- Contingency line-item funded at \$30,000;
- Absorbed retirement system mandated increase;
- Fund Balance appropriation \$603,150. This is \$290,000 more than last fiscal year. However, \$226,000 of this increase is a carry-over from FY2010-11 budget for economic recovery stipend;
- Four police cars are in the budget with three additional police cars recommended for purchase in May 2011.
- \$5,000 for Levine Senior Center;
- Street resurfacing is budgeted at \$330,000.

Departmental Highlights

General Administration (This includes the Governing Board, Manager, Human Resources, Finance, IT, and Safety/Risk Management).

- Out of Town Board planning conference budgeted at \$3,500;
- \$2,500 increase in technology allowance due to bi-annual election;
- \$17,000 for lobbyist included for six months;
- Customer Service Initiative- \$10,000;
- \$30,000 for computer hardware replacement and repair.

Police

- Current staffing levels maintained;
- Includes revenues and expenses to handle dispatch for Mint Hill Police Department- \$125,452.
- Four police vehicles with an additional three to be purchased in May 2011;
- Service levels not impacted;
- Records Clerk position remains unfunded;
- Needs not funded – Police Major position.

Fire and EMS

- Increased volunteer incentives from \$160,000 to \$190,000;
- Idlewild VFD contribution increased by \$4,622. This returns IVFD to FY 2009-10 levels. Total appropriation is \$144,000 plus we appropriate \$30,000 for our share of fire truck in the CIP;
- The Deputy Chief's position will be eliminated and filled with a captain's position;
- Increased uniform and turnout gear (\$17,300) due to increase in volunteer enrollment.

Public Works

- Maintain current staffing levels;
- \$5,000 for additional work associated with Comprehensive Transportation Plan;
- Includes pavement survey- \$15,000;
- Continues appropriation of \$330,000 for road paving;
- \$10,000 for mandated street sign changes (first of three years);
- Snow/ice budget increased by \$5,000;
- \$6,000 for replacement of street Christmas decorations.

Planning Department

- Code enforcement position restored to 60% level- 24 hours per week. 

Economic Development

- Continues at \$50,000- focus on marketing and general economic development programs and Downtown Façade Enhancement program- \$7,500. Goal is to hire a contract developer in 2nd half of the year. No funds for business incubator.
- Budgeted amount \$75,000 less than budgeted in FY 09.

Parks and Recreation

- Maintain current staffing levels;
- Existing program levels remain;

Other

- Tourism Grants increased by \$5,000 to \$70,000;
- \$5,000 for Levine Senior Center;
- No increase in storm water or privilege license fees.

In conclusion, the completion of this budget was as a result of a great deal of hard work by staff. We look forward to the budget review process and remain at your service to provide any additional information that you may need.

Sincerely,

Hazen Blodgett,
Town Manager